Committee on Government Reform Subcommittee on Energy and Resources

UNITED STATES HOUSE OF REPRESENTATIVES

Oversight Hearing on Government/Industry Preparedness for the 2006 Hurricane Season

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BEFORE THE
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I. <u>INTRODUCTION</u>

Chairman Issa, Ranking Member Watson, members of the Subcommittee, I want to thank you for the invitation to appear today to discuss our agency's response to last year's devastating hurricane season. Events like this remind us of the critical importance America's pipeline transportation system plays in supporting our nation, our economy, and our way of life. Over 97 percent of America's transportation energy needs are met by petroleum products, and 64 percent of the nation's energy products move through our country's pipeline network.

The Department of Transportation and Pipeline and Hazardous Materials Safety Administration has a new perspective regarding response to pipeline issues following Hurricanes Katrina and Rita. Our experience in dealing with last year's storms has also helped prepare us for the upcoming 2006 and future hurricane seasons.

Hurricanes Katrina and Rita dealt a devastating blow to the Gulf area states resulting in heavy destruction, numerous power outages and refinery shutdowns. Each hurricane caused a shutdown of the Louisiana Offshore

Oil Port as well as a number of major crude, product and gas pipelines. Although these events took place within the Gulf area states, the resulting disruptions of our energy supply chain were felt from Texas up to and throughout the east coast.

II. CRITICAL COMMUNICATION

Prior to the hurricanes, PHMSA established 24-7 contacts with pipeline operators. In addition, we and activated and staffed our position at the Department's Crisis Management Center. Secretary Mineta and PHMSA examined the potential impact of a fuel shortage in Louisiana, Mississippi, and the Southeastern and Mid-Atlantic States, as did our state partners. PHMSA anticipated effects on pipeline operations and pre-positioned pipeline safety inspectors in the Gulf to make any needed safety calls and provide assistance to operators and state agencies. We advised all pipeline operators in the affected region to take precautions to secure their systems.

Immediately after landfall, we sent staff to the areas impacted by the hurricanes where we surveyed damage and monitored pipeline service restoration activities throughout Louisiana, Mississippi, Alabama and Texas. We deployed inspectors to all sites in which pipelines were being operated manually. PHMSA immediately coordinated obtaining fuel for relief operations in Louisiana and Mississippi and assessed where future supplies would soon become critical beyond the affected areas.

My deputy administrator was assigned as one of Secretary Mineta's personal representatives to serve DOT support duties at the federal Joint Field Office in Jackson, MS, and later in Austin, TX. While there the Department and PHMSA were able to provide "hands-on" support to federal and state operational commands to effectively direct transportation relief efforts for disaster locations where they were most needed.

After assuring the safety of our own employees, our first priority was assisting pipeline operators in restoring the flow of vital products in order to ensure an adequate supply of energy to power relief efforts. Through our contacts with operators and their customers, we forecasted and targeted threatened fuel shortages. PHMSA predicted fuel shortages would occur at numerous locations throughout the southeast within 48 hours of Katrina's landfall without the restoration of power. To mitigate the potential crisis, PHMSA coordinated with our DOT counterparts in the Federal Motor Carrier Safety and Federal Highway Administrations. We obtained police escorts and waivers for hours of service and weight restrictions to guarantee the uninterrupted and safe arrival of 19 generators and other equipment to hurricane stricken areas. The equipment was shipped from 12 locations around the US, including as far away as Tacoma, WA and was used to provide temporary power relief for rural pumping stations and truck loading facilities impacted by the storm.

PHMSA coordinated with the Federal Aviation Administration to allow emergency flyovers of pipeline facilities and right-of-ways through protected airspace to conduct damage assessments of vital infrastructure. We issued Emergency Hazardous Materials Exemptions in the states of Mississippi, Louisiana, Alabama, and Florida to transport hazardous materials under the authority of state, local, and federal officials within restrictions stipulated by officials in each of the affected areas. These emergency exemptions authorized the temporary transportation of hazardous materials such as propane for energy usage in generators and temporary housing.

Getting full power restored to pumping stations was crucial to avoiding widespread gasoline, diesel and jet-fuel shortages. Once the pipelines were operating at full capacity, our next task was filling the gaps in supply that the damaged refineries could not fill.

To help prioritize power restoration to fuel supply, we coordinated with the Federal Energy Regulatory Commission and the Department of Energy to facilitate the restoration of power to electrical grids for fuel transmission and distribution sites in Louisiana and Mississippi. In one case, this meant acquiring temporary power from a neighboring power company that could provide relief faster than a smaller power cooperative. In another case, main electrical transmission lines had to be rebuilt overnight. We also coordinated our assessment efforts with the Department of Interior to analyze and restore production to offshore platforms. I would like to publicly acknowledge each of the federal agencies involved for their support. I would also like to publicly acknowledge non-stop efforts of

CenterPoint Energy, Southern Company, and Entergy Corporation and their employees.

When refinery supplies in storage were exhausted, we provided assistance in rerouting fuel to make better use of capacity that would have gone unused due to disruption of Louisiana refineries. We facilitated efforts through the Department of Energy and the Port Authorities of Lake Charles, LA; Pascagoula, MS; Mobile, AL; and Richmond, VA to allow marine vessels to unload refined products into a major pipeline serving the South and Mid-Atlantic States.

Without this prompt action, the country could have experienced severe shortages of gasoline, diesel and jet fuel throughout the Southeast and Mid-Atlantic States. Instead, we assisted in augmenting and restoring power supplies allowing pipeline companies to operate at 50 percent capacity within three days of identifying the problem and to full operating capacity within a week of each storm's landfall.

We worked with the Common Ground Alliance and our underground utility damage prevention partners to ensure recovery operations were safe and excavation damage to existing utilities was minimal.

We averted potential fuel shortages following the hurricanes. The fast action and teamwork between the Department's of Transportation, Energy and Interior; Louisiana, Mississippi, and Texas state and local governments; and PHMSA pipeline industry partners led to restarting critical energy

facilities by providing power for diesel generators at local hospitals, supporting emergency relief operations and providing critical gasoline supplies for the Federal Emergency Management Agency and local authorities.

III. THREE CRITICAL FACTORS

I can speak to three critical factors that contributed to our success:

- 1) Because of our knowledge of, and relationships with the pipeline and hazardous materials industries, PHMSA was able to help assess damage, facilitate solutions and measure progress. PHMSA utilized its historical and fundamental knowledge in pipeline location, product, storage, markets and capacity, which was critical for us to define the problems and develop solutions.
- 2) We improved communication capacity within PHMSA by providing additional communication equipment, such as satellite phones, high-frequency long-range two-way radios, and other advanced technologies.
- 3) Relationships forged through ongoing work with industry, state governments, and federal agencies positioned PHMSA to respond effectively in the crisis and to facilitate 24-7 communications capabilities between our PHMSA team, other DOT agencies, pipeline operators, state agencies, and most importantly, our federal family members whose work is interrelated to ours.

Thanks to these fundamentals and the teamwork of everyone involved at the federal, state and local level, pipelines were soon operating safely in the wake of Hurricanes Katrina and Rita, and within all communities they served.

IV. WE ARE PREPARED

We know our effectiveness this year in dealing with potential emergency situations weighs heavily on advanced preparation. The Department is committed to ensuring the states affected by last year's storms are adequately prepared to deal with another major catastrophe. Following the experience of the 2005 hurricane season, we looked at what worked, our lessons learned, and evaluated steps we could take to better prepare to face future challenges.

Just a week ago, Secretary Mineta visited the Gulf Coast to provide recommendations to state and local leaders on ways to improve large scale emergency evacuation plans for all forms of transportation. The Department's Report to Congress evaluating emergency evacuation plans for the Gulf Coast reminds states of the need to develop plans to effectively coordinate the mass evacuation of all communities and involve transportation planning experts in state and regional evacuation planning and drills.

In addition, last week PHMSA visited with key Mississippi and Louisiana officials to discuss past, present and future federal, state and local government emergency response plans. The team met with the staffs of Mississippi Governor Barbour and Louisiana Governor Blanco, as well as officials from the Mississippi Emergency Management Agency, Louisiana Department of Natural Resources and the Louisiana Office of Homeland Security and Emergency Preparedness. We now understand each state and agency's level of preparedness for dealing with the upcoming season and how the Department and PHMSA can support their needs to resolve any prospective transportation emergencies.

We are integrated more fully with the Departments of Energy and Homeland Security to be better prepared this year. PHMSA regional and headquarters personnel participated in hurricane drills and are receiving training for emergency response. In addition, we continue to consult with our stakeholders in government and the private sector to coordinate response capabilities and resources.

We appreciate the close working relationship we now have with the National Oceanic Atmospheric Administration, which now provides us with sufficient GIS intelligence on the predicted path of storms to allow for more timely and accurate emergency preparations by pipeline operators.

We also improved coordination efforts with our federal and state partners by more clearly defining our role, responsibilities, and resource availability. Within the office of the chief safety officer, PHMSA has a new focal point for security and emergency preparedness to coordinate and enhance the agency's response efforts to multiple national disasters.

We will seek expanded authority for emergency waivers of pipeline regulations. The expanded authority will allow us to grant certain waivers and otherwise allow us to respond better in future emergency situations.

We know the pipeline industry will also be a lot more prepared. Operators have taken similar steps to prepare for the 2006 hurricane season through revised emergency plans and procedures with a special focus on hurricanes; new procedures to preposition resources, people and supplies at critical facilities; and locating critical supplies and power generated equipment to augment future emergency power supply needs.

V. <u>CLOSING</u>

The experience of last year's hurricanes has increased the recognition of pipelines as the nation's energy highways. Our nation, our economy, and our way of life depend on the pipeline transportation system.

DOT and PHMSA are committed to the safe operation of our nation's pipeline infrastructure. This infrastructure remains a key component in ensuring our economy remains strong and prosperous and our citizens remain safe and secure.

Although we were able to recover from the storms and their impact on American consumers, we must always be concerned about meeting future transportation needs, whether they arise in the midst of natural disasters or through growth in demand.

Secretary Mineta has identified the goal of reducing transportation congestion as a top priority of the Department. As we work to relieve congestion across all modes of transportation, we will review congestion in our transportation pipelines.

In my many years in public service, I have rarely seen such a remarkable display of devotion and determination in the face of some insurmountable odds as shown by the men and women of PHMSA. I am very proud to be the first administrator appointed to lead this team of dedicated public servants.

Thank you again for this opportunity today. I am happy to take your questions.

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